

Summary

Listed below are highlights from the Montana Workers' Compensation Annual Report, Fiscal Year 2007. This report contains information about Montana's workers' compensation system, including injury statistics and characteristics, benefits paid by insurers, dispute resolution and miscellaneous regulatory programs and functions. Unless otherwise cited, all reported numbers, charts, and tables are derived from the State of Montana workers' compensation database (WCAP).

Claims Statistics

There were 30,970 claims reported in Fiscal Year 2007 (FY07) compared with 32,903 reported in FY06, a decrease of 5.9%. This decrease represents a continuation of a downward trend in annual claims from FY03 to FY07. Over that time period, private carriers witnessed a 23.4% decrease in the number of claims reported. The number of claims reported by self-insured carriers decreased by 2.2%. Claims reported by Montana State Fund increased by 4.3%. The service industry was responsible for 27.3% of all claims reported in FY07, the most of any industry. The most common nature of injury in FY07 was sprain/rupture, which accounted for 42.8% of injuries. Strains, jumping, or lifting caused more injuries than other categories of cause (25.8%) and upper extremities were more often injured (31.9% of injuries) than other parts of the body. In FY07, 6,753 claims were denied by insurers, 625 more than in FY06.

Benefits

Total indemnity (wage loss) and medical benefits paid in FY07 were \$233.9 million, which represented a 3.0% increase from FY06. The increase in benefits was distributed across medical payments (4.1% increase) and wage loss payments (1.2% increase). This year's annual report includes a reconfiguration of previous years' "benefit triangles," which now give information on claim counts and average benefit amounts over time. Also new to this year's edition, we have created a section on insurer legal fees.

Dispute Resolution

The Mediation Unit of the Employment Relations Division (ERD) is the front line in dispute resolution. The unit holds conferences between disputing parties and issues written recommendations. During FY07, the unit processed 1,312 petitions, with a resolution rate of 79%.

The Hearings Bureau received 15 new petitions for contested case hearings in FY07, an increase of 50% from FY06.

The Workers' Compensation Court (WCC) received 225 petitions, dismissed 80 petitions and issued 192 decisions in FY07.

Workers' Compensation Assessments as Expended

The administration of the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment on employers and insurers. The cost of the regulatory functions in FY 07 was \$5.77 million. Beginning in FY00, a new process was instituted and each insurer was assessed 3% of benefits paid. For policies written by private insurers and the Montana State Fund, the assessment is collected as a premium surcharge paid by individual policy holders.

Subsequent Injury Fund

Subsequent Injury Fund (SIF) payments in FY07 for all dates of injury totaled \$592,637. There were 177 new SIF certifications during FY07 resulting in a total of 4,003 certified individuals in Montana.

Uninsured Employers' Fund

Uninsured Employers' Fund (UEF) provides benefits for injured employees when employers are without appropriate workers' compensation insurance. In FY07, UEF collections increased 25.5% from FY06, totaling \$2.57 million. There were 63 new claims and injured workers received \$1.06 million in medical and indemnity benefits in FY07.

Occupational Safety & Health

The Occupational Safety & Health Bureau provides extensive statewide services to improve safety culture in Montana. Staff performed 578 inspections for the public sector and 284 consultation visits for the private sector. In addition, staff performed 35 inspections for the coal mining industry and 62 inspections for sand and gravel operations. The Bureau Training Institute provided 40 occupational safety and health training courses and participated in a number of local health and safety focus groups aimed at improving safety knowledge and networking.

Independent Contractor Exemptions

Independent contractors who do not wish to be covered under workers' compensation insurance may file for an exemption with the Department of Labor and Industry (DLI). The number of independent contractor exemption applications received for FY07 totaled 8,440 of which 7,691 were approved. Sixty percent of independent contractors are in the construction industry.

Professional Employer Organizations

To be licensed, a Professional Employer Organization (PEO) must submit an application and proof of workers' compensation coverage. Thirty-seven PEOs were licensed in Montana at the end of FY07. These PEOs leased 3,339 employees to 557 client companies.